

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT**

PROPOSED RULE: 04-39
STATE AGENCY: Department of Insurance

DATE PREPARED: Sep 27, 2004
DATE RECEIVED: Sep 23, 2004

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Digest of Proposed Rule: This bill adds 760 IAC 1-70 regarding a health maintenance organization's plan for covering outstanding claims in the event the health maintenance organization enters receivership.

NOTE: LSA Document #04-39, printed at 27 IR 2560, was resubmitted for publication.

Governmental Entities: This rule places no unfunded mandates upon state government or any local government unit.

Regulated Entities: There are 22 HMOs licensed in Indiana. The Department of Insurance (DOI) has used a bench mark funding level equal to 30 days of medical expenses to that HMO. The proposed rule includes additional factors for administrative expenses, collection of premium, type of business written, and types of provider contracts. The worksheet provided in the rule is designed to more accurately predict the cost for the continuation of benefits in the event of insolvency. Some HMOs will need to increase their funding, and others will be able to decrease their funding. The net effect is that the amount of deposit, or amount held back, that an HMO has to have to cover claims in the event the HMO goes out of business is reduced to the HMO industry as a whole in the amount of \$112,511,036.

Information Sources: Amy Strati, DOI, 311 W. Washington St., Suite 300, Indianapolis, Indiana 46204-2787, 317.232.2385.